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H.R. 1468 - Disadvantaged Business Disaster Eligibility Act

Floor Situation

H.R. 1468 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This bill was introduced by Representative William Jefferson (D-LA) on March 12, 2007 and was reported by the House Committee on Small Business, by voice vote, on March 15, 2007.

H.R. 1468 is expected to be considered on the floor on March 21, 2007.

**Note: Similar legislation, H.R. 564, was introduced by Representative William Jefferson on January 18, 2007 which applied the extension (explained below) to all disasters in the future as well as retroactively for small businesses impacted by Hurricane Katrina.*

Summary

H.R. 1468 extends the eligibility period for small businesses continued participation in the 8(a) small business loan program for an additional 18 months if they were affected by Hurricane Katrina. This extension would only apply to those Louisiana parishes that were specifically designated as disaster areas by the Administrator of the Small Business Administration (SBA) in disaster declarations 10176 and 10177.

H.R. 1468 requires the SBA to ensure that every eligible small business is brought into compliance with the extension.

Background

The SBA's 8(a) small business loan program was established in the Small Business Act (P.L. 85-536), and is designed to help small, disadvantaged businesses compete in the American economy and the market for federal contracts. The program assists small businesses in obtaining federal contracts and provides them with technical assistance.

According to the SBA, eligible firms: "must be a small business, must be unconditionally owned and controlled by one or more socially and economically disadvantaged individuals who are of good character and citizens of the United States, and must demonstrate potential for success."

In accordance with the Small Business Act (paragraph 10 of Section 7(j)), beneficiaries of 8(a) small business loans shall be permitted to continue to participate and are eligible in the program for nine years. Therefore, if their eligibility expired after the impact of Hurricane Katrina (causing the nine years to expire); HR 1468 would retroactively extend the eligibility for 18 months.

Cost

The Congressional Budget Office (CBO) estimates that assuming appropriations of the required funds, "extending the period of eligibility for such programs would cost less than $1 million. Enacting H.R. 1468 would not affect direct spending or revenues."

Staff Contact

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